

WINNING, KEEPING AND DRIVING NEW CUSTOMERS

in Today's Smart Home Environment

- GUIDE -



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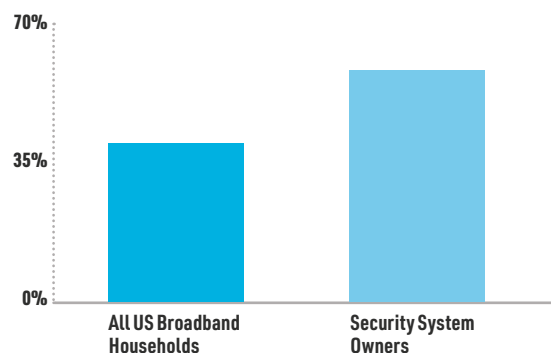


Today's Security Professional **MARKET CHALLENGES AND CUSTOMER NEEDS**

Over the last decade, the changing residential security market has delivered mixed signals on the business prospects for security professionals. On the one hand, there has been the positive indication of a steadily increasing penetration of monitored security systems in residential applications. But there has also been substantial growth in the sale of individual smart home devices – and many see this trend as a potentially strong market challenge. However, if these individual smart home devices don't take full advantage of connectivity throughout the home, could this be an opportunity for security professionals?

Indeed, these industry dynamics are presenting security professionals with an opportunity. The same professionals that customers trust to provide security and life safety in their home can also implement a successful, fully connected smart home for them. In fact, even with the substantial media attention that has been focused on the potential for connectivity in the home – “security services continue to serve as the leading use case for smart home products and services” states Parks Associates in a recent report on the state of the of the residential security market.¹

63% of security
system owners plan
to purchase a smart
home device in the
next 12 months.



Source: Parks Associates

¹ <https://parksassociates.com/report/residential-security-state-market>



For security professionals, achieving success in this new world will require the right product solution – one that will help them **WIN** new customers, **KEEP** those customers longer and **DRIVE** more profits.



Resideo's ProSeries platform is a powerful end-to-end ecosystem that is modular and scalable.

ProSeries is designed for professionals who provide security and life safety, and now can also offer a fully functional, integrated smart home. Security professionals have long depended on trusted product platforms – “a workhorse” that their business standardizes on because it will deliver consistently reliable performance on installations large and small. The professionals of today still need that strong, solid platform that they can depend on and trust – but also one that will answer the needs of today's customers and be able to expand and adapt to their future needs.

WINNING NEW CUSTOMERS | WIN

What does it take to win new customers in a changing business environment?

Of course, an important way to start is to examine what your customers care most about today. Determine your target customer's most important needs – and find a way to answer them.



Customer Need: **SMART HOME INTEGRATION AND CONTROL**

Studies show that nearly half of the people who purchase a smart home device expect it to connect to and work with other smart products in their home. And as people buy more devices, they increasingly want interoperability. They also want to control the security system and all the smart devices from a single, unified app.² This also makes possible the creation of automated scenes where smart sensors will work together. For example, with a single tap, a "Leaving Home" scene could be activated – to arm the security system in the Away mode and lock the door. It can also turn off lights and set back the thermostat, saving costs and energy – and having a positive environmental impact. Smart Home Integration and Control gives security professionals an opportunity to go beyond traditional security and life safety and provide convenience and additional value that would positively impact a customer's daily life.

² <http://www.parksassociates.com/blog/article/pr-01132022>



WIN WITH PROSERIES

Smart Control from a Single App

ProSeries can bring it all together for today's homeowners and successfully answer their need for Smart Home Control. From the ProSeries touchscreen interface and the Total Connect app, homeowners can seamlessly control their home security, as well as compatible devices, including video cameras, lighting, locks and thermostats. A common interface across touchscreen and app makes it easy to use and reduces the need for training.

Handsfree Disarming

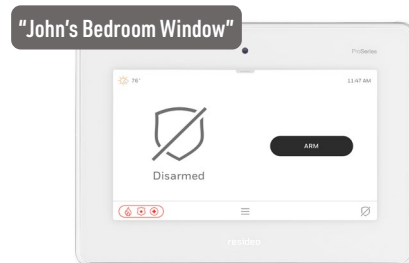
When arriving home, the routine hassle of having to stop and enter a code to disarm the security system can be largely eliminated. ProSeries has a handsfree disarming feature that is Bluetooth-enabled, so when family members enter the house, if they have their phone, the system can automatically disarm. This feature is compatible with iOS and Android phones (up to 6 phones).

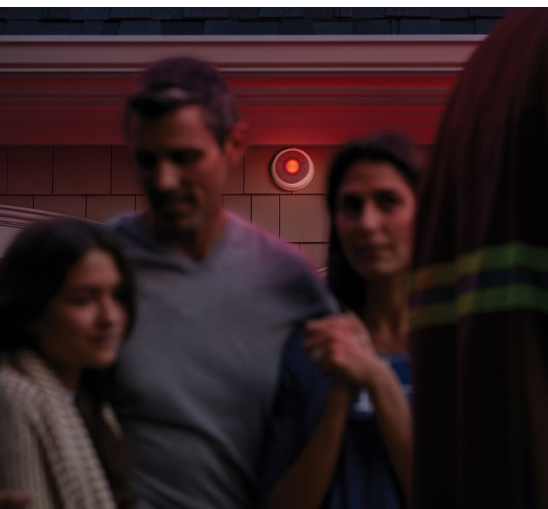
Voice Descriptors

ProSeries brings user customization to a new level – with a text-to-speech capability that produces spoken voice descriptors, clearly describing specific areas of a home or business.

Voice Control

ProSeries has Alexa built-in and works with the Google Assistant. This means with simple voice commands, customers can arm the system, run a scene, or take full advantage of Alexa functionality, whether they want to ask a question, check the weather forecast or adjust the temperature on the thermostat.





Customer Need: WHOLE HOME SAFETY

When it comes to something as essential as whole home safety, security professionals fulfill a vitally important customer need. The professional can apply specialized expertise, install proven products and technology, and combine it with round-the-clock professional monitoring services.

According to the Firefighter Safety Research Institute, because of the flammable materials in today's home furnishings, residents typically have 3 minutes or less to escape a fire.³ That underscores how crucial it is to have the right kind of sensors strategically placed within the home, a system that will quickly alert residents of a fire or emergency and professional monitoring that can engage first responders.



WIN WITH PROSERIES

The ProSeries ecosystem includes a family of wireless sensors for whole home safety with models for smoke, heat and carbon monoxide (CO) detection, as well as a combination sensor. When installed in a home, each of these sensors will work together, as they include "One-Go-All-Go" capability. An event detected in one room or area will trigger the devices to sound throughout the home.



A Combination Smoke/CO Detector includes a 360° LED Ring, indicating the type of emergency.



SMOKE



CO

The combination sensor includes smoke/heat and CO detection, and an LED encircling the unit provides a 360° visual alarm. It also includes a multilingual voice speaker that verbally announces emergency notifications. Research has found that voice alarms are significantly more effective than high frequency tone alarms for waking children from a deep sleep and prompting them to perform an escape procedure.⁴ Another study has shown that voice alarms also successfully alert adult members of the household.⁵

The importance of whole home safety resonates strongly with consumers. According to research by Parks Associates, most consumers planning to purchase a smart smoke detector in the next year would pay for a monitoring service for critical events such as fire and carbon monoxide detection. The research concludes that "the safety, security, and peace-of-mind benefits that come with these services are powerful drivers among US households."⁶

³ <https://ul.org/new-demonstration-video-shows-you-only-have-three-minutes-escape-home-fire>

⁴ <https://www.nationwidechildrens.org/newsroom/news-releases/2020/10/cirp-comprehensive-smoke-alarm>

⁵ <https://injejournal.biomedcentral.com/articles/10.1186/s40621-020-00279-6>

⁶ <https://www.prnewswire.com/news-releases/parks-associates-76-of-smart-smoke-detector-owners-or-purchase-intenders-would-pay-5-per-month-for-a-professional-monitoring-service-301171462.html>

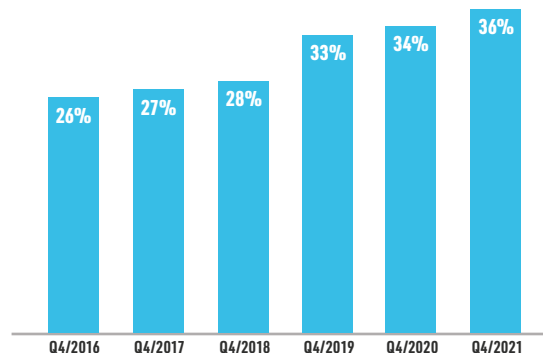


Customer Need: WORLD CLASS SECURITY THAT OUTSHINES DIY

While the growth of DIY security systems is clearly a market challenge, there remains a significant opportunity for security professionals. Research by Parks Associates reveals that there remains 64% of households, or approximately 69 million homes, without a home security system. It also shows that 13% of U.S. broadband households intend to purchase a security system over the next 12 months.⁷

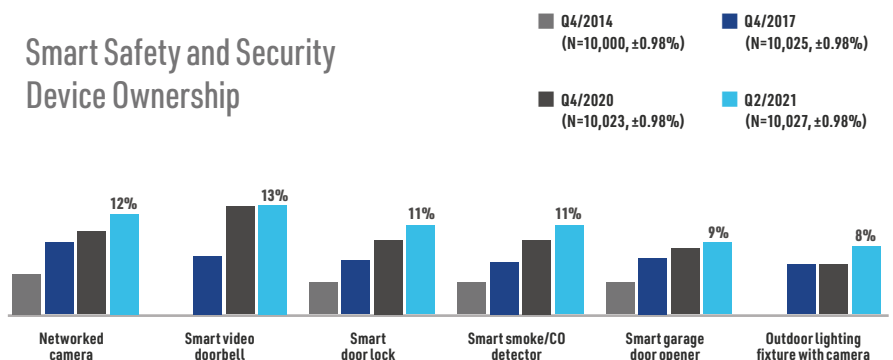
While there is significant competition from DIY solutions, most broadband households continue to purchase their security systems from security dealers. The research report concludes, “there is a considerable market opportunity for residential security service providers to build on their core offering, chiefly by cultivating peace of mind value propositions for security-adjacent use cases.”⁸

Home Security System Ownership



Source: Parks Associates

Smart Safety and Security Device Ownership



Source: Parks Associates

⁷ <https://www.securitysales.com/automation/residential-security-interactive-services-growth/>

⁸ <https://totaltechsummit.com/articles/research-finds-interactive-services-are-driving-growth-in-residential-security-market/>



WIN WITH PROSERIES

With ProSeries, security professionals have numerous ways to help distinguish their offering from DIY solutions. It is important that professionals clearly contrast their offerings vs. DIY and especially reinforce their value proposition for the significant percentage of homeowners who are already predisposed to a professionally installed and monitored system.

For instance, it is essential to emphasize the critical importance of having a security system that is professionally monitored. Monitoring is not available on all DIY systems and typically just an option on others.

Additionally, the pre-packaged kits offered by many DIY solutions are often designed as a “one-size-fits-all” answer that can result in significant coverage gaps and leave areas of vulnerability within the home. In contrast, professionals typically offer a custom security assessment and recommendations specifically relevant to the homeowner. This important advice can help guide a homeowner on how their home can best be secured, considering its distinctive design and layout. It can also address any special security needs the family might have and how the system can be configured to best suit their lifestyle.



T6 Thermostat

MotionViewer Sensor

ProSeries, with its wide range of wireless sensors supports whole home coverage for virtually all intrusion, life safety, comfort and general awareness requirements. They include the One-Go-All-Go life safety sensors, leak detection, thermostat and an innovative MotionViewer® sensor, which is a passive infrared detector (PIR) that when triggered by motion, captures and transmits an image, enabling alarm verification, and reducing incidents of false alarms.

Security professionals can also help alleviate any concerns about data security, following widespread reports of the potential for smart home devices to be hacked, or a user’s privacy to be compromised.⁹ In fact, 98% of all IoT device traffic is currently unencrypted.¹⁰ Professionals can reassure their customers that data from a ProSeries wireless sensor is transmitted with 128-bit AES encryption, another important distinction between ProSeries and most DIY solutions.

⁹ <https://cybernews.com/security/whos-hacking-your-smart-home/>

¹⁰ More Than Half of IoT Devices Vulnerable to Severe Attacks | Threatpost
<https://threatpost.com/half-iot-devices-vulnerable-severe-attacks/153609/>

KEEPING CUSTOMERS LONGER | KEEP

Retaining existing accounts and reducing the threat of attrition is usually one of the most important priorities for security professionals. While recent research shows that most security companies have been successful at retaining customers,¹¹ the long-term challenges remain. With technology changing faster than ever and with increasingly fierce competition, what can security professionals do to keep their existing customers?



KEEP WITH PROSERIES

With the pace of technological change moving faster and faster, ProSeries, with its highly scalable, modular design was built with the future in mind. With ProSeries, security professionals can depend on a product platform that can evolve as technology moves forward and can grow and expand as their customers' needs change.

¹¹ <https://www.securitysales.com/news/attrition-report-security-2020/>



Customer Retention

For dealers with an existing base of customers with older systems, ProSeries makes it easy to upgrade and retrofit them, helping to keep customers happy with an up-to-date system that provides additional value. A wireless converter enables the retrofitting of existing 12V security systems by converting their wired sensors to SiX® wireless technology. Since there is no need to replace wired devices with individual transmitters, there is a savings on installation time and materials.

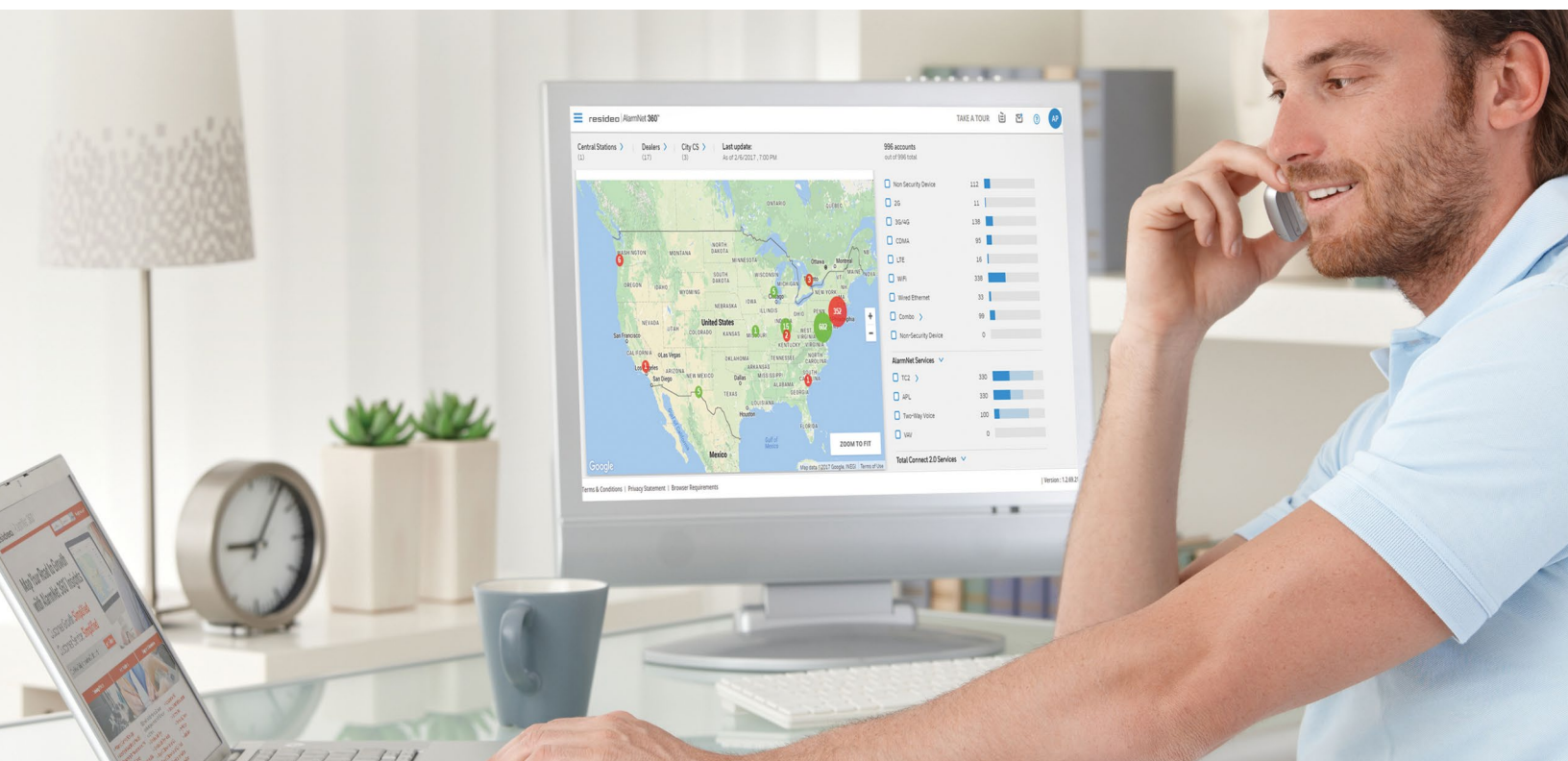
ProSeries also helps protect accounts from competitive takeover. With the fierce competition that exists today, ProSeries sensors are locked to the panel preventing re-use. Customers considering a change must get in touch with your team, allowing you an opportunity to discuss their needs.

Customer Satisfaction

An important part of keeping customers is in gaining an understanding of how customers use their system over time. With ProSeries, security professionals can use AlarmNet 360® Insights to see how customers engage with ProSeries, both to identify potential upgrade opportunities, as well as monitor for potential attrition risks. AlarmNet 360 also makes it easy to manage, filter, export and sort account information and use real time, interactive dashboards that identify potential customer needs.

Custom Branding

ProSeries dealers can help build and reinforce their own brand by displaying their logo and company information on ProSeries panels, touchscreens and the Total Connect app.



DRIVING MORE PROFITS | DRIVE

For a business, long-term success typically depends on developing a consistent, operating efficiency that will help drive increased profits. For security professionals, the ease and speed at which you can install new jobs, and the time and attention required to maintain existing accounts can have an important impact on the bottom line and help drive business success.



DRIVE WITH PROSERIES

ProSeries is an end-to-end solution that brings together hardware, software and support to drive efficiency. Its modular hardware platform, wide range of universal peripherals, streamlined installation process and efficient servicing of accounts, can help drive a security business and its productivity now and into the future.



Efficient Installation

ProSeries, with its end-to-end, highly modular, and scalable platform is supported by a wide selection of universal peripherals. This makes it easy to keep a stock of the components you need, while easily accommodating the requirements of virtually any installation.



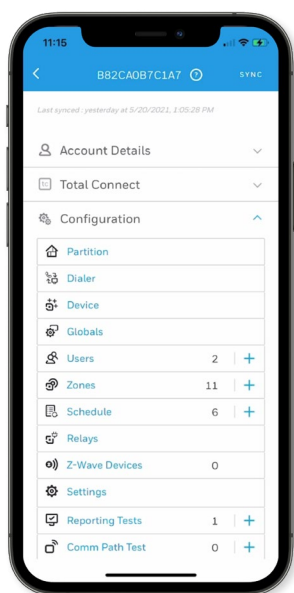
ProSeries is an efficient solution for any application, whether it's a new installation, retrofitting an existing installation or a competitive takeover. For retrofits, a Wireless Converter upgrades existing 12V security systems, by adapting their wired sensors to SiX® Wireless Technology. The Wireless Converter can also be used in new construction installations fitted with hardwired systems. It saves on installation costs time and materials, with no need to replace wired devices with individual transmitters. For takeovers, a Wireless Takeover Module is a simple plug-in solution that enables ProSeries panels to communicate with multiple wireless security sensor protocols.

ProSeries' intuitive user interface makes learning the system easy, as does the consistent experience between the keypads and the Resideo Total Connect app. This both reduces the time necessary to get new customers onboard and reduces follow-up calls from customers. Through QR codes displayed on the panel and touchscreen, customers also have fast and easy access to a robust library of self-help videos.

Efficient Service

With ProSeries, maintaining and servicing accounts is highly efficient and helps empower environmental sustainability. The ability to perform remote system diagnostics and deliver over-the-air software updates can help reduce truck rolls and help keep customers systems operating at peak performance.

ProSeries has a cellular module that is end-user replaceable and standing ready to accommodate future changes in cellular communications technology.





Marketing Tools

From promotional literature, videos and a broad selection of creative assets, ProSeries dealers have access to powerful digital marketing tools to help drive business and attract new customers.



More Options to Upgrade Accounts (and Grow RMR)

With 76% of security system purchase intenders wanting interactive services¹², ProSeries provides an opportunity to re-engage with customers and upgrade their system to include smart home products. The integration of smart home products including lights, locks, thermostats, video cameras and doorbells provides a significant opportunity for RMR growth, as well as the opportunity to provide additional value-added services that will help retain customers.



Small Commercial

With ProSeries, the same efficiency and productivity the platform brings to residential jobs can be leveraged in small commercial installations. ProSeries can support the security, life safety and automation requirements of today's commercial jobs. It is also UL listed for commercial, supports up to four partitions and a business or store owner can use the Resideo Total Connect app to control and check the status of multiple locations.

¹² <https://esaweb.org/residential-security-trends/>

ABOUT RESIDEO

OUR MISSION

Resideo is on the forefront of the next wave in consumer technology: the smart, connected home. With a history of creating innovative, reliable solutions, and deeply rooted distribution channels, our mission is to provide technology that delivers comfort, security and simplicity to the places people call home.

OUR VISION

We imagine a world where homes and buildings are good for the planet, where technology works to simplify everyday life. In that world, people are healthy, happy, and secure.

OUR PURPOSE

To help create this future, we will work every day...To simplify the connected world so people have peace of mind and can focus on what matters most.



Who We Are

Resideo is a **\$5 billion business** that puts people in charge of their home comfort, safety, security and energy efficiency, and a top global distributor of security, fire and low-voltage products.

We create technology and smart solutions that integrate seamlessly with our customers' lives. And we've built these solutions on our rich **130+ year heritage** of taking care of the home, the workplace and the people in them.

With products licensed under the Honeywell Home brand, we work with more than **110,000 professional contractors**, more than **3,000 distributors**, and **1,200 original equipment manufacturers, major retailers and online merchants**. More than **6.7 million customers** use Resideo's connected devices in their homes, which provide them access to controls, monitoring and alerts.

APPROXIMATELY
12,000
EMPLOYEES
GLOBALLY

TRUSTED IN
150
MILLION
HOUSEHOLDS

#1 GLOBAL
DISTRIBUTOR
SECURITY PRODUCTS

INSTALLATION OF
15 MILLION
systems a year

\$5.1B
IN SALES
(2020)

6.7 MILLION
CONNECTED CUSTOMERS



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